

**MINUTES**  
**JOINT MEETING OF THE TRANSYLVANIA COUNTY BOARD OF**  
**COMMISSIONERS & TRANSYLVANIA COUNTY BOARD OF EDUCATION**  
**July 30, 2009 - Transylvania County Library, Rogow Room**

The Transylvania County Board of Commissioners met jointly with the Transylvania County Board of Education on Thursday, July 30, 2009 at 7:00 p.m. in the Rogow Room at the Transylvania County Library. The special meeting was called for the purpose of discussing possible funding sources for school construction needs.

Commissioners present were Lynn Bullock, Chairman Jason Chappell, Mike Hawkins, Daryle Hogsed, and Vice-Chairman Kelvin Phillips. Also present were County Manager Artie Wilson, Finance Director Gay Poor, and Clerk to the Board Trisha McLeod.

Board of Education members present were Vice-Chair Tawny McCoy, Sheila Norman, Cindy Petit, and Chairman Chris Whitmire. Also present were Superintendent Dr. Jeff McDaris, Business Director Norris Barger, and Executive Assistant Jenny Hunter.

Media: *Hendersonville Times News* – Leigh Kelley  
*Transylvania Times* – Mark Todd

There were approximately 15 people in the audience.

**WELCOME/CALL TO ORDER**

Chairman Jason Chappell presiding called the Board of Commissioners' meeting to order at 7:06 p.m. and welcomed everyone to the meeting.

Chairman Chris Whitmire presiding called the Board of Education meeting to order at 7:07 p.m. and welcomed everyone to the meeting.

**INTRODUCTION OF BOARD MEMBERS & STAFF**

Superintendent Dr. Jeff McDaris introduced the members of the Board of Education and staff in attendance. Chairman Chappell introduced the members of the Board of Commissioners and staff in attendance.

**REQUEST BY THE BOARD OF EDUCATION: SCHOOL BONDS**

Chairman Whitmire informed Commissioners that the Board of Education has the opportunity to apply for two separate bonds for school construction needs. Both bonds have different criteria and have a payback of 12 years with little to no interest. Dr. McDaris noted that the opportunity to apply for bonds arose rather quickly. He said the Board of Education felt it was important to consider applying for both bonds. The Board of Education proposed to apply for the bonds and designate the monies for the construction of a new vocational education building (CTE). The current building was constructed in the 1950's, is difficult to heat and has no air conditioning. Furthermore, the building is too small and does not have enough room for all the classrooms. Dr. McDaris said regardless of the Commissioners' decision to apply for bonds, the CTE building will have to be addressed in the near future.

Business Director Norris Barger showed a Power Presentation explaining the two bonds the Board of Education wishes to apply for:

#### School Construction Funding Sources

##### Qualified School Construction Bonds (QSCB):

- American Recovery and Reinvestment Act Funds (stimulus)
- Funding consists of low or no interest bonds with a payback of 12 years at current market conditions
- Provides a 40-50% savings in inflation adjusted dollars
- Restrictions: funds can not be used for central office administration or for facilities that are primarily used for athletic events; bonds must be issued by 12/31/2009 and the proceeds must be spent within three years of the issue date of the bonds; must have contracts or payments incurred of at least 10% of the total funds within six months of the issue date of the bonds

##### Qualified Zone Academy Bonds (QZAB):

- American Recovery and Reinvestment Act Funds (stimulus)
- Funding consists of low or no interest bonds with a payback of 12 years at current market conditions
- Provides a 40-50% savings in inflation adjusted dollars
- Restrictions: Must be designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for college and the workforce (The CTE Building at Rosman High School fits this description); students must be subject to the same academic standards and assessments as other students; comprehensive education plan; school must have established partnership with one or more businesses or the school must have at least 35% of the students qualify for free or reduced lunch (Rosman High School ranges from 49-50% of students on free or reduced lunch); funds can not be used to increase the footprint on the campus

#### To Qualify

- The applications must be postmarked by July 31, 2009
- Resolutions must be passed by the Board of Education indicating their intentions (The Board of Education passed two resolutions at their meeting on July 27, 2009)
- The QSCB must be signed by both Board Chairs, the Clerk to the Board and the Superintendent
- The application must include the proposed spending plan on the project
- Because of the nature of the proposed project, a memorandum must be signed by both Board Chairs and accompany the application and explain the Board of Education's desire to redirect QSCB funds should the QZAB application be rejected

Mr. Barger noted there is no guarantee the QZAB funds will be awarded; however the QSCB funds have already been allocated. If Transylvania County does not apply for the funds, they will be reallocated to other counties. He said QSCB funds should be available next year as well.

#### Spending Plan #1

- Building a Rosman High School CTE Building to include classes in Agriculture, Horticulture, Carpentry, Welding, Health Occupations, Mechanics, Auxiliary Studies with a total of 10,500 square feet for \$1,297,778 in QSCB funds (\$110/sq. ft., plus architectural services, project contingency, etc.)

- Renovate existing vocational building including the addition of a connector to both buildings (move Fine Arts courses to this building and puts all students on the same campus) (\$1,920,600 in QZAB and includes 2% for bond administration)
- Total cost of entire project is \$3,218,378 estimated, contingent upon receiving QZAB funding

#### Spending Plan #2

- If the QZAB funds are not approved, the Board of Education proposes to use the QSCB funds to take care of items on their capital priority list that qualify for QSCB funds in the amount of \$1,297,778

#### Why Good Idea

- Construction costs are low
- Little to no interest payback leverages inflation costs
- CTE Building built in 1956 and has had no significant renovations; building inadequate for current and future needs
- Opportunity to partner with businesses which will lead to long term partnerships in the future and opens more doors for students

### **DISCUSSION/DECISION OF BOARD OF EDUCATION REQUEST**

Chairman Chappell inquired about the annual debt service the County would incur under Spending Plan #1. The Manager said the County would assume an annual debt service of approximately \$268,000 if paid back at no interest over a 12 year period. The County currently has a debt service of approximately \$2.6 million for the schools which will be paid off in FY 2017-2018.

Chairman Chappell asked if the Board of Education is expecting \$268,000 from the County in addition to their current capital outlay. Furthermore, he asked if the Board of Education had discussed possible ways to help pay the debt service on the bonds. Chairman Whitmire said the school system already stretches their dollars to cover capital projects and it would be difficult for the Board of Education to reduce their capital outlay and commit to that reduction over a 12 year period. He pointed out if a new CTE is not built, there would be nowhere to house students while the current facility is being renovated.

Chairman Chappell did not dispute the need for a new CTE building; however he expressed concern about the County's budget for FY 11 which is forecast to be worse than FY 10 in terms of additional loss in sales taxes, etc. He emphasized the fact that it is the County's responsibility to pay the bonds.

Commissioner Hogsed agreed that the Board of Education has clearly communicated their need for a new CTE building. He noted that the County has delayed several needed projects because of the lack of funding and the County is in no position to take on an additional \$268,000 in debt service for the next 12 years. Commissioner Hogsed said the Board of Education would have to consider some cost sharing in order for him to move forward. Commissioner Phillips said he is not opposed to Commissioner Hogsed's suggestion of cost sharing. He emphasized that the County is trying to work through some difficult times and is not willing to raise taxes on its citizens.

Chairman Chappell asked if the project scope could be changed once the QSCB application is submitted. Mr. Barger said typically no, but in this situation the State is willing to accept both Spending Plans whereby the Board of Education would send a memo signed by both Board Chairs indicating their intent. Mr. Barger pointed out if either or both of the applications are approved; it in no way commits the County to issue the bonds. The Board of Education wants to earmark the QSCB funds so they are not allocated to another school system.

Commissioner Bullock said he also understands the need for a new CTE building and the urgency to make a decision. He reminded both Boards of the difficulties the County faced with its budget this year and the additional loss of revenue to the County in ADM funds and sales taxes. He said he hopes the Board of Education can find a way to reduce their capital by the amount of the debt service; otherwise he does not see how the County can assume additional debt service.

Commissioner Hawkins asked how a new building would compare to the CTE building at Brevard High School. Dr. McDaris said the facility at Brevard High School is substantially larger and offers more programs. Commissioner Hawkins asked if there could be any cooperation or collaboration between Brevard and Rosman High Schools in the short term and wondered if a plan for a joint facility would benefit the schools in the future. Dr. McDaris responded that there are standards and limits set forth by the State that must be followed; although he hopes there will be some collaboration and expansion of some programs with the community land trusts. He said all the vocational classes that are currently offered are either full or at cap. There are also some logistical issues to resolve, such as travel, etc. Chairman Whitmire noted there are challenges at maximizing efficiency with inter-school education. He noted, however, that if a student at Rosman High School needs a course that is being offered in another school, school staff makes sure the student gets to take the class. Commissioner Hawkins said if both bonds will be available next year it would be important to find a solution that may make more sense in the long term.

Commissioner Hawkins asked when the Board of Education would find out if the applications were approved. Mr. Barger responded that the Board of Education should be notified in late August or early September. The County would then have until December 1, 2009 to issue the QSC Bonds and December 31, 2010 for the QZA Bonds.

Chairman Chappell asked if Spending Plan #2 will potentially affect all schools. Chairman Whitmire said yes, noting that this plan is a contingency plan in case the QZAB's are denied. If that is the case, the Board of Education plans to add more items to the list of projects to equal the amount of the QSCB allocation. Mr. Barger noted that the bond administration fee was not included in Spending Plan #2.

Chairman Chappell called for a break at 8:25 p.m. The meeting reconvened at 8:40 p.m.

Chairman Whitmire asked to hear more about the County's offer of a cost sharing plan.

The Manager asked Commissioners to consider Spending Plan #2 which allows the Board of Education to complete many of the capital outlay items very quickly. He recommended that the Board of Education forego \$100,000 in capital outlay for the next 12 years. In the mean time, both Boards can work together to plan for the school system's long term capital needs. Chairman Whitmire said if the Board of Education commits to reducing their capital by \$100,000 for the next 12 years, they would effectively pay almost all the entire debt service themselves which is not cost sharing. He asked if the County would be willing to allow the Board of Education to

apply for both bonds and consider sharing some of the cost. He emphasized that only allowing Spending Plan #2 does not eliminate the need for a new CTE building.

Commissioner Hogsed said he would be agreeable to allowing the Board of Education to apply for both bonds and splitting the payback with the County. Chairman Whitmire believes construction costs will be lower than anticipated and if so the Board of Education would use the remaining funds to cover some of their other capital projects. Ms. McCoy said the Board of Education can not commit to reducing their capital outlay by \$268,000 because of the unknowns the school system continues to face with the State budget. Ms. Norman added that a new CTE building would be a great benefit for Rosman High School.

After more discussion and comments, **Commissioner Hogsed made a motion that the County apply for both the QZAB funds and the QSCB funds. The motion died for a lack of a second.**

Ms. Petit pointed out there are diploma requirements for special needs students that the current building is ill-equipped to handle. She said she is willing to compromise in order to get a new building.

Chairman Chappell again asked if the Board of Education would be willing to reduce their capital by the amount of the debt service. Chairman Whitmire responded that they can not commit to reducing their capital by \$268,000 for the next 12 years; however they would consider sharing the cost if they were able to address some of their needs, including a new CTE building.

After further comments, **Commissioner Hawkins made a motion that the Board of Commissioners authorize the application for the QSCB funding and that we would be willing to split the payback costs over the life of the payback. Commissioner Hogsed seconded the motion.** Chairman Chappell noted the Board of Commissioners does not guarantee the Board of Education's budget from year to year. It was noted there would be some bond issuance fees which was not included in Spending Plan #2 which the Manager said could be modified to include the cost of the issuance of the bonds. It was also noted that the deadline for the issuance of the bonds is December 2009. Commissioner Hogsed noted that the Board of Commissioners has made this motion without knowing whether or not the Board of Education is in agreement.

With a motion on the floor, the Board of Commissioners allowed time for the Board of Education to discuss the Board's proposal. Chairman Whitmire clarified the Commissioners' proposal which allows them to move forward with applying for the QSCB funds and splitting the debt service. The Board of Education discussed and compromised by agreeing to forego approximately \$54,000 in capital for the next 12 years.

Dr. McDaris asked the Board of Education to determine how they intend to use the funds. The Manager reminded everyone that the application requires that a specific project be determined. Commissioners agreed that it is Board of Education's decision how to spend the funds. Chairman Chappell again pointed out that the budget for the Board of Education will be determined on a year to year basis and the reduction of \$54,000 will be a line item. Board of Education members discussed and felt they could absorb the loss in capital. After further comments, **the motion passed unanimously.**

The Board of Education discussed the project or projects they wish to fund with the QSCB funds. The proposal passed by the Board of Commissioners gives the authority to the Board of

Education to apply for QSCB funds in the amount of \$1.3 million with the agreement that they will forego \$54,000 in capital outlay for the next 12 years. **Ms. McCoy moved to accept the Board of Commissioners' proposal and commit to the loss of \$54,000 in capital outlay over the next 12 years. The motion was seconded by Ms. Petit and unanimously approved.**

Chairman Whitmire noted the application is due the following day. He asked the Board of Education to determine the project to identify with the QSCB application, either the CTE building or other capital projects. Discussion ensued. Mr. Barger said he felt comfortable a new CTE building could be built with the QSCB funds. He asked if the Board of Education's capital budget would be affected in the current fiscal year. The Manager said the Board of Education would be responsible when the first payment is due. After further discussion, **Ms. McCoy moved to place the CTE building at the top of the capital projects list on Exhibit B and remove items 4, 5, 6, 8, and 13 and submit the application for the QSCB funds. The motion was seconded by Ms. Petit. After some discussion and clarification, the motion passed unanimously.**

**Commissioner Hogsed moved to authorize Chairman Chappell to sign the application. The motion was seconded by Commissioner Phillips.** The Manager said separate applications must be submitted for each project. For point of clarification, **Commissioner Hogsed withdrew his motion.**

The Manager asked for clarification in regards to the amount of funds the Board of Education plans to apply for and what other projects will be included on the application. He said the Board of Commissioners has only committed to \$1,297,778. Chairman Whitmire said the Board of Education will apply for the allocated amount for the purposes of constructing a new CTE building; however if the project comes in under budget, he said it would be wise to identify other projects that could be covered with the remaining funds. The Manager and Mr. Barger said the application could be amended if the project comes in under budget or they could possibly add projects without issuing a dollar amount. Mr. Barger said he would get clarification the next morning and asked the Board of Commissioners to grant authority to Dr. McDaris to formalize the application the following day based on his discussions with the State regarding the application requirements.

**Ms. McCoy amended her earlier motion to place the CTE building at the top of Exhibit B as proposed to include giving the superintendent the authority to amend this list to meet the needs with the total being \$1,297,778 submitted in the application for the QSCB funds. The motion was seconded by Ms. Petit and unanimously approved.**

**Commissioner Phillips moved to authorize the Chairman to sign the application, seconded by Commissioner Hogsed and unanimously approved.**

#### PUBLIC COMMENT

Two members of the public who are associated with the school system thanked both Boards for their commitment to the school system and its students.

#### CLOSING REMARKS

There were no comments from either Board.

**ADJOURNMENT**

There being no further business to come before the Board of Commissioners, **Commissioner Phillips moved to adjourn, seconded by Commissioner Hawkins and unanimously carried.**

There being no further business to come before the Board of Education, **Ms. Petit moved to adjourn, seconded by Ms. McCoy and unanimously carried.**

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Jason R. Chappell, Chairman  
Board of County Commissioners

ATTEST:

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Trisha D. McLeod  
Clerk to the Board